

DRAFT

PROPERTY RATES POLICY



NALEDI LOCAL MUNICIPALITY

Council resolves to adopt the following proposal as the Property Rates Policy of the Naledi Local Municipality

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PROPERTY POLICY

NALEDI LOCAL MUNICIPALITY

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1. INTRODUCTION

- 1.1. In terms of Section 229 of the Constitution of the Republic of South Africa, Act No 108 of 1996, a municipality may impose rates on property.
- 1.2. In terms of Section 4(1)(c) of the Local Government: Municipal Systems Act, No. 32 of 2000, a municipality has the right to finance the affairs of the municipality by imposing, inter alia, rates on property.
- 1.3. In terms of Section 2(1) of the Local Government: Municipal Property Rates Act, No. 6 of 2004 ('the Act'), a metropolitan or local municipality may levy a rate on property in its area of jurisdiction in accordance with the provisions of the said Act.
- 1.4. The Naledi Local Municipality ('the Municipality') is one of the local municipalities in South Africa that exercise full and legislative authority over their respective areas of jurisdiction. The Council of the Municipality has elected to impose a rate in terms of the aforementioned legislation. Consequently, this rates policy has been developed within the parameters of the applicable legislation relating to property rates.
- 1.5. This Property Rates Policy only applies to the rating of property valued in accordance with the Act and the applicable regulations; it does not regulate the process of property valuation and the approval of the valuation roll, which is governed by the Act

2. DEFINITIONS

In addition to the definitions provided in the Act, the following definitions apply for the purposes of the application of the Policy:

'Act' means the Local Government: Property Rates Act, No 6 of 2004 and includes the regulations made in terms of Section 83 of the Act;

'Agricultural property' means a property that is used primarily for agricultural purposes but, without derogating from section 9 of the Act, excludes any portion thereof that is used commercially for the hospitality of guests, and excludes the use of the property for the purpose of ecotourism or for the trading in or hunting of game.

'Bona-fide farmers' means genuine or real farmer whose dominant income is generated from farming activities, on an agricultural property, within the Naledi municipal area, and is taxed by SARS as a bona-fide farmer.

'Business' means the activity of buying, selling or trade in goods or services and includes any office or other accommodation on the same erf, the use of which is incidental to such business, with the exclusion of the business of mining, agriculture, farming, or inter alia, any other business consisting of cultivation of soils, the gathering in of crops or the rearing of livestock or consisting of the propagation and harvesting of fish or other aquatic organisms. The category business includes accommodation establishments eg: Guest Houses and Bed and Breakfasts.

'Day' means when any number of days are prescribed for the performance of any act, those days must be reckoned by excluding the first and including the last day, unless the last day falls on a Saturday, Sunday or any public holiday, in which case the number of days must be reckoned by excluding the first day and also any such Saturday, Sunday or public holiday;

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‘Chief Financial Officer’ means the Chief Financial Officer (CFO) of the Budget and Treasury Directorate of the Municipality;

‘Core family’ means a couple, irrespective of gender (whether married or not), with or without children and/or the parents of either;

‘Council’ means the Council of the Naledi Local Municipality.

‘Communal Land’ means the residual portion of rural communal land excluding identifiable and rateable entities within the property and excluding State Trust Land and land reform beneficiaries as defined in the Act.

‘Due date’ means the date specified as such on a municipal account dispatched from the offices of the responsible officer for any rates payable and which is the last day allowed for the payment of such rates;

‘Exclusion’, in relation to a municipality’s rating power, means a restriction of that power as provided for in Section 17 of the Act;

‘Exemption’, in relation to the payment of a rate, means an exemption granted by the Municipality in terms of Section 15 of the Act;

‘Dwelling’ means a house designed to accommodate a single core family, including the normal outbuildings associated therewith

‘Farm property’ refers to property that is able to be used productively for agricultural and farming purposes, either on a full-time or a part-time basis, regardless of whether or not agriculture forms the principal source of income;

‘Improved value’ means the market value of the property, less the land value of the property;

‘Market value’, in relation to a property, means the value of the property determined in accordance with Section 46 of the Act;

“Mining property” means a property used for mining operations as defined in the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002)

‘Multiple-use property’ refers to property where there is a combination of different categories of property on the same registered property and where the market value of each is apportioned on the valuation roll; however, this excludes property included in the category of mixed-use property;

‘Municipal Systems Act’ means the Local Government: Municipal Systems Act, No 32 of 2000;

‘Municipality’ means the Naledi Local Municipality;

‘Office bearer’ in relation to places of public worship, means the primary person who officiates at services at that place of worship;

‘Official residence’ in relation to places of public worship, means- (a) A portion of the property used for residential purposes: or (b) One residential property, if the residential property is not located on the same property as the place of public worship, registered in the name of a religious community or registered in the name of a trust established for the sole benefit of a religious community and used as a place of residence for an office bearer;

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‘Owner’

- a) In relation to a property referred to in paragraph (a) of the definition of “property”, means a person in whose name ownership of the property is registered;
- b) In relation to a right referred to in paragraph (b) of the definition of “property”, means a person in whose name the right is registered;
 - i) in relation to a time sharing interest contemplated in the Property Time-sharing Control Act, 1983 (Act No. 75 of 1983), means the management association contemplated in the regulations made in terms of section 12 of the Property Time-sharing Control Act, 1983, and published in Government Notice R327 of 24 February 1984; *(Added by s1 of Act 29 of 2014)*
 - ii) *in relation to a share block company, the share block company as defined in the Share Block Control Act, 1980 (Act No. 59 of 1980); and (Added by s1 of Act 29 of 2014)*
- b) in relation to buildings, other immovable structures and infrastructure referred to in section 17(1)(f), means the holder of the mining right or the mining permit; *(Added by s1 of Act 29 of 2014)*
in relation to a land tenure right referred to in paragraph (c) of the definition of “property”, means a person in whose name the right is registered or to whom it was granted in terms of legislation; or
- c) in relation to public service infrastructure referred to in paragraph (d) of the definition of “property”, means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of “publicly controlled”, provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:
 - i) A trustee, in the case of a property in a trust excluding state trust land;
 - ii) an executor or administrator, in the case of a property in a deceased estate;
 - iii) a trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
 - iv) a judicial manager, in the case of a property in the estate of a person under judicial management;
 - v) a curator, in the case of a property in the estate of a person under curatorship;
 - vi) a person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;
 - vii) a lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or a lessee, in the case of property to which a land tenure right applies and which is leased by the holder of such right; or
 - vii) a buyer, in the case of a property that was sold by a municipality and of which possession

‘Place of public worship’ means property used primarily for the purposes of congregation, excluding a structure that is primarily used for educational instruction in which secular or religious education is the primary instructive medium: Provided that the property is-

- a) registered in the name of a religious community;
- b) registered in the name of a trust established for the sole benefit of a religious community; or
- c) subject to a land tenure right;

‘Person’ includes an organ of state

‘Public service infrastructure’ means publicly controlled infrastructure of the following kinds:

- a) national, provincial or other public roads on which goods, services or labour move across a municipal boundary;
- b) water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer;

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- c) power stations, power substations or power lines forming part of an electricity scheme serving the public;
- c) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;
- d) railway lines forming part of a national railway system;
- e) communication towers, masts, exchanges or lines forming part of a communications system serving the public;
- f) runways **[or]** aprons and the air traffic control unit at national or provincial airports, including the vacant land known as the obstacle free zone surrounding these, which must be vacant for the air navigation purposes; *(Amended by s1 of Act 29 of 2014)*
- g) breakwaters, sea walls, channels, basins, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising lighthouses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels; communications system serving the public;
 - i. any other publicly controlled infrastructure as may be prescribed; or
 - ii. [rights of way, easements or servitudes] a right registered against immovable property in connection with infrastructure mentioned in paragraphs (a) to (i);

‘Public service purposes in relation to the use of a property, means property owned and used by an organ of state as-

- a) Hospitals and clinics;
 - b) *schools, pre-schools, early childhood development centres or further* education and training colleges;
 - c) *national and provincial libraries and archives;*
 - d) police stations;
 - e) correctional facilities; or
 - f) courts of law,
- but excludes property contemplated in the definition of "public service infrastructure";

‘Property’ means –

- a) immovable property situated within the boundaries of the municipality registered in the name of a person including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;
- b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
- c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or
- d) public service infrastructure;

‘Rate’ means a municipal rate on property envisaged in Section 229(1)(a) of the Constitution;

‘Rateable property’ means property on which a municipality may, in terms of Section 2 of the Act, levy a rate, excluding property fully excluded from the levying of rates in terms of Section 17 of the Act;

‘Ratio’ in relation to section 19, means the relationship between the cent amount in the Rand applicable to residential properties and different categories of non-residential properties: Provided that the two relevant cent amounts in the Rand are inclusive of any relief measures that amount to rebates of a general application to all properties within a property category;

‘Rebate’, in relation to a rate payable on a property, means a discount granted in terms of Section 15 of the Act on the amount of the rate payable on the property;

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‘Residential property’ means a property included in a valuation roll in terms of section 48(2)(b) in respect of which the primary use or permitted use is for residential purposes without derogating from section 9;

‘Register’ means

- a) means to record in a register in terms of-
 - i. the Deeds Registries Act, 1937 (Act No. 47 of 1937); or
 - ii. the Mining Titles Registration Act, 1967 (Act No. 16 of 1967); and
- b) includes any other formal act in terms of any other legislation to record-
 - i. a right to use land for or in connection with mining purposes; or
 - ii. a land tenure right;

‘Reduction’, in relation to a rate payable on a property, means the lowering in terms of Section 15 of the Act of the amount for which the property was valued and the rating of the property at that lower amount;

‘Smallholding’ refers to property, whether improved by the construction of a dwelling or not, not large enough to support a commercially viable farming operation, but able to provide a subsistence level of output to the owner of the property

2.1 CATEGORIES OF PROPERTIES’ MEANS THE CATEGORIES RECOGNIZED IN TERMS OF PARAGRAPH 14 AND OF THIS POLICY –

- a) **‘Agricultural property’** refers to farm properties and small holdings used for agricultural purposes and farm properties not used for any purpose;
- b) **‘Business and commercial property’** refers to property on which the activity of buying, selling or trading in goods and services occurs, but excludes a property that forms part of the mixed-use property category. It includes any office or other accommodation on the same erf, the use of which is incidental to the business, but excludes the business of mining. Further includes, hostels, flats, communes, old age homes, self-catering/holiday flats, guesthouses, bed and breakfast establishments and any vacant property which is being used for storage or parking which is in line with the zoning of the property;
- c) **‘Farm property: residential’** refers to property that is farm property, but is used as residential property;
- d) **‘Farm property: business and commercial’** refers to property that is farm property, but is used as business and commercial property;
- e) **‘Farm property: industrial’** refers to property that is farm property, but is used as industrial property;
- f) **‘Industrial property’** refers to property on which a trade or manufacturing, production assembling or the processing of finished or partially finished products from raw materials or fabricated parts occurs on such a large scale that capital and labour are significantly involved;
- g) **‘Property used for multiple purposes’** means the property is used for more than one purpose;
- h) **‘Public benefit organisation property’** means property owned by public benefit organisations and used for any specified public benefit activity listed in item 1 (welfare and humanitarian), item 2 (health care), and item 4 (education and development) of part 1 of the Ninth Schedule to the Income Tax Act;
- i) **‘Public service infrastructure property’** means publicly controlled infrastructure of the following kinds:
 - i) national, provincial or other public roads on which goods, services or labour move across a municipal boundary;
 - ii) water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;
 - iii) power stations, power substations or power lines forming part of an electricity scheme serving the public;
 - iv) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels forming part of a scheme for transporting such fuels;

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- v) railway lines forming part of a national railway system;
 - vi) communication towers, masts, exchanges or lines forming part of a communication system serving the public;
 - vii) runways or aprons at national or provincial airports;
 - viii) breakwaters, sea walls, channels, basins, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising lighthouses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels
 - ix) any other publicly controlled infrastructure as may be prescribed; or
 - x) rights of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (1) to (9).
- j) **‘Residential property’** refers to:-
- i) a dwelling that is used exclusively for human habitation, but excludes hostels, flats, communes, old age homes, self-catering/holiday flats, guesthouses, bed and breakfast establishments, and any vacant land irrespective of its zoning or intended usage; or
 - ii) an improved property with not more than two dwellings, including any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property, used exclusively for human habitation for residential purposes. (Any such grouping shall be regarded as one residential property for rates rebate or valuation reduction purposes as well as for clearance application purposes); or
 - iii) a unit registered in terms of the Sectional Title Act, for residential purposes, and includes any unit in the same Sectional Title Scheme registered in the name of the same owner which is used together with the residential unit as if it were one property, for example a garage, domestic worker’s quarters or storeroom. (Any such grouping shall be regarded as one residential property for rates rebate or valuation reduction purposes as well as for clearance application purposes); or
 - iv) property owned by a share-block company and used exclusively for residential purposes, or
 - v) retirement schemes and life right schemes used exclusively for residential purposes.
- k) **‘Residential property: mixed use’** refers to residential property that is used predominantly for residential purposes (51 % or more) but has significant portions of the property devoted to purposes that fall within other categories of property but excludes hostels, flats, communes, old age homes, holiday/self-catering flats, guesthouses, bed and breakfast establishments, and any vacant land irrespective of its zoning or intended usage;
- l) **‘Smallholding property: residential’** refers to property that is a smallholding used as residential property;
- m) **‘Smallholding property: residential mixed use’** refers to residential property that is a smallholding used predominantly for residential purposes (51 % or more) but has significant portions of the property devoted to purposes that fall within other categories of property but excludes hostels, flats, communes, old age homes, holiday/self-catering flats, guesthouses, bed and breakfast establishments, and any vacant land irrespective of its zoning or intended usage;
- n) **‘Smallholding property: industrial’** property that is a smallholding used as industrial property;
- o) **‘Smallholding property: business and commercial’** refers to property that is a smallholding used as business and commercial property;
- p) **‘Vacant land’** refers to unimproved land, irrespective of the category of property.

2.2 CATEGORIES RECOGNIZED IN TERMS OF PARAGRAPH 16 AND OF THIS POLICY

- a) **‘Public benefit organisations and not-for-gain institutions’** refer to institutions/ organisations that are approved in terms of Section 30 of the Income Tax Act, 1962, read with the Ninth Schedule to that Act ;

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- b) **'Indigent household'** means a household that benefits from the Municipality's Indigent Policy;
- c) **'Pensioner'** refers to a person who is at least 60 years of age and is in receipt of a total monthly household income from all sources (including the income of the spouse of the owner and any occupants) does not exceed R87,620 per annum (R7,302 per month); and is not a recipient of an indigent subsidy;
- d) **'Disabled person'** refers to a person who is not capable of working and is the recipient of a disability grant and whose total monthly income from all sources (including the income of the spouse of the owner and any occupants) does not exceed R87,620 per annum (R7,302 per month); and who is not a recipient of an indigent subsidy;
- e) **'Sporting bodies'** refers to organisations whose sole purpose is to use the property owned by them for sporting purposes, whether for gain or not;
- f) **'Municipal owned property'** refers to property that is registered in the name of the Municipality and property vested by usage in the name of the Municipality whether it is used by the Municipality itself or made available to other entities without cost or in terms of a rental agreement;
- g) **'State-owned property'** refers to property used or owned by the State other than public service infrastructure as defined in the Act;
- h) **'Critical Biodiversity Area'** refers to areas defined as Critical Biodiversity Areas as defined in the Conservation Assessment and Plan that forms part of the municipal Spatial Development Framework (SDF);
- i) **'Long-term protected critical biodiversity area'** refers to critical biodiversity areas which have been made subject to contractual agreements between the land owner and the municipality for a period of thirty years or in perpetuity, and entered into the title deeds of the land;
- j) **'Short-term protected critical biodiversity area'** refers to critical biodiversity areas which have been made subject to contractual agreements between the land owner and the municipality for a period of five years

3. GUIDING PRINCIPLES

- a) The rating of property will be implemented impartially, fairly, equitably and without bias, and these principles also apply to the setting of criteria for exemptions, reductions, and rebates contemplated in Section 15 of the Act.
- b) The rating of property will be implemented in a way that –
 - i) is developmentally oriented;
 - ii) supports sustainable local government by providing a stable and buoyant revenue source within the discretionary control of the Municipality;
 - iii) supports local and socio-economic development;
 - iv) promotes simplicity, uniformity, and certainty in the property rates assessment process;
 - v) gives due consideration to the need for simple and practical process of billing and collection of property rates;
 - vi) promotes sustainable land management, especially that which reduces the risk from natural disasters; and
 - vii) achieves national and local environmental management objectives.
- c) In developing or amending this Policy, the Municipality commits itself to a process of community participation, as envisaged in Chapter 4 of the Municipal Systems Act. In addition to the requirements laid down in the said Act, the Municipality will engage interested parties and structures, such as ratepayer organisations, directly in the process of community participation. In addition, use will be made of established community consultation structures, such as ward committees, to ensure thorough participation with regard to the aforementioned process

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4. IMPOSITION OF RATES

- a) Rates are levied in accordance with Section 11 of the Act and are expressed as an amount in each rand of the market value of each category of property within the Municipality, as recorded in the Municipality's valuation roll and supplementary valuation rolls, and are determined together with the finalisation of the Municipality's annual budget.
- b) The Council shall, when levying property rates for each financial year, take cognisance of the burden of rates and service charges on property owners in the various categories of property ownership.

‘Levying of rates’ Rates to be levied on all rateable property

(1) when levying rates, a municipality must, subject to subsection(2), levy rates on all rateable property in its area-

(2) subsection (1) does not:-

(a) oblige a municipality to levy rates on-

(i) properties of which that municipality is the owner,

(ii) public service infrastructure

(i) properties referred to in paragraph(b) of the definition of “property” in section 1, or

(ii) properties in respect of which it is impossible or unreasonably difficult to establish a market value because of legally insecure tenure resulting from past racially discriminatory laws or practices, or

(b) prevent a municipality from granting in terms of section 1.5 exemptions from, rebates on or reductions in rates levied in terms of subsection(1).

‘Differential rates’ Subject to section 19,a municipality may, in terms of the criteria set out in its rates policy, levy different rates for different categories of rateable property, determined in subsection (2) and (3), which must be determined according to the -:

(a) use of the property

(b) permitted use of the property

(c) a combination of (a) and (b).

(1) A municipality must determine the following categories of rateable property in terms of subsection (1): provided that such property category exists within the municipal jurisdiction:-

i. Residential properties

ii. Industrial properties

iii. Business and commercial properties

iv. Agricultural properties

v. Mining properties

vi. Properties owned by an organ of state and used for public service purposes,

vii. Public service infrastructure properties

viii. Properties owned by public benefit organisations and used for specified public benefit activities,

ix. Properties used for multiple purposes, subject to section 9: or

x. Any other category of property as may be determined by the minister, with the concurrence of the minister of finance, by notice in the gazette.

(2) In addition to the categories of property determined in terms of subsection (2), a municipality may determine additional categories of the rateable property, including vacant land: provided that, with the

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exception of vacant land, determination of such property categories does not circumvent the categories of rateable property that must be determined in terms of subsection (2).

- (3) (a) where municipality can, on good cause, show that there is a need to such-categories the property categories listed in subsection(2), a municipality must apply to the minister in writing for authorisation to create one or more such- categories.
- (b) Such application must-
- (i) Be accompanied by a motivation for such sub-section;
 - (ii) demonstrate that such-categorisation is not in contravention of section 19,and
 - (iii) Reach the minister at least 15 months before the start of the municipal financial year in which the municipality envisages levying a rate on such such-categorised property

5. CATEGORIES OF PROPERTY AND OWNERS OF PROPERTY

- a) The Council has resolved to levy different rates for different categories of property, based on the use of the property concerned, the ownership of the property concerned, and the geographical area where the property is situated.
- b) The following categories of property are recognised:
- i) residential property;
 - ii) residential property: mixed use;
 - iii) industrial property;
 - iv) business and commercial property;
 - v) farm property: residential;
 - vi) farm property: business and commercial;
 - vii) farm property: industrial;
 - viii) smallholding property: residential;
 - ix) smallholding property: residential mixed use
 - x) smallholding property: industrial;
 - xi) smallholding property: business and commercial;
 - xii) public service infrastructure property;
 - xiii) public benefit organisations property;
 - xiv) property used for multiple purposes;
 - xv) vacant Land;
 - xvi) game parks; and
 - xvii) agricultural property
 - xviii) Communal Land
 - xix) Properties owned by an Organ of State
 - xx) Roads
- c) In determining the categories of owners identified for the purpose of exemptions, rebates and reductions, the following criteria were utilised:
- i) the income of the owner of the property;
 - ii) the source of income of the owner of the property;
 - iii) the employment status of the owner of the property; and
 - iv) use of the property.
- d) The following categories of owners and the geographical area, as defined in the Act or herein, [part 6], have been identified for the purpose of exemptions, rebates and reductions:

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- i) public benefit organisations and not-for-gain institutions;
 - ii) indigent households;
 - iii) pensioners;
 - iv) disabled persons;
 - v) sporting bodies;
 - vi) municipal owned property;
 - vii) state owned property;
 - viii) protected critical biodiversity areas;
 - ix) protected biodiversity; and
 - x) owners of property situated within an area affected by a disaster within the meaning of the Disaster Management Act, No. 57 of 2002.
- e) Whilst some categories of property and categories of owners are granted relief with regard to the payment of rates, no relief shall be granted in respect of the payment for rates to any category of owner of property or to owners of properties on an individual basis, and any relief granted shall only be by way of an exemption, rebate or reduction, as provided for in this Policy.

6. SPECIAL RATING AREAS

- a) The Council may by resolution from time to time determine special rating areas as envisaged in Section 22 of the Act and levy additional rates on properties in such areas for the purposes of raising funds as contemplated in the said Section and the Council may adopt a policy to regulate the implementation of such special rating areas

7. EXEMPTIONS, REBATES AND REDUCTIONS

The Council has considered the following factors for the purposes of granting exemptions, rebates and reductions:

- i) the need to accommodate indigent persons and less affluent pensioners;
- ii) the services provided to the community by public service organisations;
- iii) the environmental amenity value and reduced environmental risk; and
- iv) the private contribution to meeting municipal and national environmental management objectives and biodiversity targets.
- v) Owners of residential properties with a market value lower than an amount determined by the municipality, or
- vi) Owners of agricultural properties who are bona fide farmers.
- vii) In addition to the categories of readable property determined in terms of section 8(2), a municipality may, subject to any ratio determined in terms of section 19, for the purposes of granting exemption, rebates and reductions, determine such categories based on:- (a) properties used for public service purposes, and
- viii) Properties to which the provisions of the National Heritage Resources Act, 1999(Act No. 25 of 1999), apply, or an institution that has been declared to be subject to the cultural institutions Act, 1998(Act No. 119 of 1998).
- ix) owners of property situated within an area affected by -
- x) (i) a disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002);
or
- f) (ii) any other serious adverse social or economic conditions:

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In addition to the categories of rateable property determined in terms of section 8(2), a municipality may, subject to any ratio determined in terms of section 19, for the purposes of granting exemptions, rebates and reductions, determine such categories based on-

- (a) properties used for public service purposes; and
- (b) properties to which the provisions of the National Heritage Resources Act, 1999 (Act No. 25 of 1999), apply, or an institution that has been declared to be subject to the Cultural Institutions Act, 1998 (Act No. 119 of 1998).

7.1 EXEMPTIONS: PUBLIC BENEFIT ORGANISATIONS, NOT-FOR-GAIN INSTITUTIONS AND RESIDENTIAL

7.1.1 In addition to the provisions made in Section 7 (2) (a) of the Act and the exclusions outlined in Section 17 of the Act, the Public Benefit Organisations and not-for-gain institutions or organisations may apply for the exemption of rates in respect of the following categories of properties owned by them:

- properties used exclusively as hospitals, clinics, mental hospitals, orphanages, retirement villages, old age homes, or any other benevolent institutions, provided that any profits from the use of such properties are used entirely for the benefit of the institution and/or to charitable purposes within the Municipality;
- properties belonging to not-for-gain institutions (organisations) that perform charitable work;
- land used exclusively for cemeteries and crematoriums;
- properties declared as Long-term Protected Critical Biodiversity Areas by contractual agreement entered into with the municipality, or the provincial biodiversity conservation authority, and which are compliant with regulations under the Biodiversity Act (Act 10 of 2004), and the Protected Areas Act (Act 57 of 2003);
- properties declared in terms of the Cultural Institutions Act, No. 29 of 1969 or the Cultural Institutions Act, No. 66 of 1989;
- museums, libraries, art galleries and botanical gardens registered in the name of private persons and open to the public;
- properties registered in the name of a trust or trusts and/or organisations, as defined in the Social Aid Act, No. 66 of 1989, which are maintained for the welfare of war veterans and their families;
- properties owned and/or used by youth organisations for the promotion and development of the youth;
- properties owned, or used, by institutions or organisations, the exclusive aim of which is to protect birds, reptiles, fish and animals on a not-for-gain basis;
- properties registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office-bearer of that community who officiates at services at that place of worship in terms of Section 17(1)(i) of the Act; and
- property owned by or used by institutions/organisations whose exclusive aim is to protect biodiversity, registered in terms of Schedule 9 of the Income Tax Act, and compliant with relevant regulations under the Biodiversity Act or provincial legislation.

7.1.2 The effective date of the exemption from rating will be the date when the Municipality approves the application for exemption, irrespective of whether the property qualified for exemption in terms of its use prior to that date.

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- 7.1.3 Additional exemptions on the market value of property in the valuation roll or supplementary valuation roll for residential property will be granted as per the approved Municipal Tariffs.

7.2 REBATES

The level of rebate granted to specific owners within each category of property situated within the service area of the Municipality will be determined annually as part of the operating budget process. Granting of rebates within a particular category of property is aimed at ensuring an equitable distribution of the property rates burden amongst the categories of property that constitute the property rates base of the Municipality.

7.2.1 Indigent households

The Council has adopted an Indigent Policy that provides for the alleviation of the rates burden on the low income sectors of the community within the Municipality. Owners of property who qualify for the assistance provided by this Policy must make application to access the relief provided if they do not automatically receive it.

7.2.2 Pensioners and disabled

7.2.2.1 Retired and disabled persons qualify for rebates in accordance with their annual household income. To qualify for such rebate, a retired or disabled property owner must:

- a) submit an application on the prescribed form on an annual basis;
- b) be a natural person;
- c) be the owner of the property which is categorised as residential;
- d) occupy the property as his or her normal residence or where the owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement;
- e) produce a bar-coded identity document;
- f) Pensioner's: be at least 60 years of age on 1 July of the financial year concerned; or if the owner turns 60 during the year the rebate will be granted on a pro rata basis from the date on which the applicant turned 60;
- g) Disabled: be in receipt of disability grant / pension and submit proof and nature of disability e.g. letter from doctor with application.
- h) Be in receipt of a total gross annual income from all sources, excluding medical aid contributions, child support / grant but including the income of the spouse of the owner and all persons normally residing on that property, not exceeding R99 720 per annum (R8 310 per month); submit pension statements, previous 3 months (or the number of months determined necessary by the Chief Financial Officer) bank statements from all bank and investment accounts of owner and spouse, and proof of gross salary of any other persons living on the property (not just rental received). All documents provided must clearly state who it is for – documents which do not reflect person's name or ID No. on will not be considered;
- i) not be in receipt of an indigent subsidy;

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- j) provide a certified affidavit declaring any assistance from any other sources. Assistance received from family members not residing on property, will not however be included in the calculation of total household income;
- k) provide a certified affidavit to explain any once-off monies received e.g. gifts, donations, etc; and
- l) ensure that his/her accounts are not in arrears (or arrangements made to pay all outstanding amounts) before applying for the rebate and continue to pay the rates account in full until rebate is granted as no interest will be reversed

7.2.2.2 Further to the above:-

- a) a usufructuary will be regarded as the owner;
- b) the criteria of a natural person may be waived at the sole discretion of the municipality to allow for a property owned by a trust where the total number of beneficiaries meets all of the other requirements of this policy; and provided further that the gross monthly income of all persons residing on that property be added to the gross monthly income of the beneficiaries staying on that property;
- c) owners qualify for only one rebate per year, if financial circumstances change they can only apply for future years;
- d) The rebate applicable to the elderly and disabled is set out in the table hereunder:

Annual Household Income	Rebate
Less than 2 annual state pensions R42 719	100%
Between two state pensions R42 720 and R52 220	85%
Between R52 221 and R61 720	70%
Between R61 721 and R71 220	55%
Between R71 221 and R80 720	40%
Between R80 721 and R90 220	25%
Between R90 221 and R99 720	10%

7.2.3 Sporting bodies

Organisations, the sole purpose of which is to use the property owned/leased by them for sporting purposes, whether for gain or not, qualify for a rebate. In this regard, it is noted that assistance offered to professional sporting organisations may differ from that afforded to amateur organisations. Any profits earned must be invested in the betterment of the organisation and not be for private gain.

Audited financial statement must be provided, if however the sporting body does not have audited financial statement reasons therefore must be provided on the club's official letterhead with the unaudited financial statement on submission of the application form.

7.2.4 Game Parks

In the case of properties that are used for game park/s, the owner(s) may qualify for a rebate, subject to the following conditions:

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- a) the property must be used predominantly as a game park with the sole purpose of viewing of animals by the general public at an affordable price and for encouraging tourists to the area;
- b) the usage of the property must be in accordance with the zoning scheme of the area;
- c) the owner must be registered with the South African Revenue Service and provide proof thereof with the application. If proof of registration with SARS cannot be produced due to recent ownership change, upon application, a municipal official, authorised by the Municipal Manager shall issue a certificate of compliance to the owner, after an inspection of the property has been conducted and the municipal official is satisfied that such land is used predominately as a game park;
- d) the owner must run educational programs for schools and not for gain institutions at a nominal fee. Proof of such activities must be submitted with the application;
- e) the land owner must prove that he/she has complied with the National Veld and Forest Fire Act (Act 101 of 1998) and legislation governing the control of alien invasive species; and
- f) property used for hunting of game shall not qualify for the rebate.

7.2.5 Agricultural property rebate

7.2.5.1 When considering the criteria to be applied in respect of any exemptions, rebates and reductions on any properties used for agricultural purposes the municipality must take into account:-

- a) the extent of rates related services rendered by the municipality in respect of such properties.
- b) the contribution of agriculture to the local economy.
- c) the extent to which agriculture assists in meeting the service delivery and developmental objectives of the municipality; and
- d) the contribution of agriculture to the social and economic welfare of farm workers.

7.2.5.2 In terms of section 84 of the Act the Minister for Provincial and Local Government, and in concurrence with the Minister of Finance as required through section 19 of the Act, may determine that a rate levied by the Council on a category of non-residential property may not exceed the ratio to the rate on residential property. In the absence of any such promulgation the municipality will apply the standard ratio for agricultural properties as 1:0.25 (75% rebate on the tariff for residential properties). For the 2009/2010 financial year the minister has promulgated a ratio of 1:0.25.

7.2.5.3 An additional rebate (based on the total property value) of 80% will be granted by the municipality.

7.2.5.4 The granting of the additional rebate is subject to the following:

- a) All applications must be addressed in writing to the municipality by the date as approved by the municipality. This application will be required as a once off requirement. Any new applications for the next financial year and onwards must be addressed in writing to the municipality on the dates as approved by the municipality. If the rebate applied for is granted the rebate will apply for the full financial year and such application again regarded as a once off requirement.
- b) All applications for the additional rebate must be certified and authorized by the local office of organized agriculture in the municipal area as proof of the use of the property for agricultural

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purposes. The onus also rests on recipients to immediately notify Council of any changes in their original application.

- c) The municipality retains the right to refuse the exemption if the details supplied in the application form were incomplete, incorrect or false.
- v. No other rebates will be granted to properties that qualify for the agricultural rebate. For the avoidance of doubt, properties that qualify for the agricultural rebate will not be entitled to the residential rate exemption as set out in this policy.
- vi. Phasing in of the rates

The rates to be levied on newly rateable property shall be phased in as explicitly provided for in section 21 of the Act.

The phasing-in discount on the properties referred to in section 21 shall be as follows:

- First year: 75% of the relevant rate;
- Second year: 50% of the relevant rate; and
- Third year: 25% of the relevant rate (100% of the relevant rate for Agricultural Property – special agreed rebate).

7.2.5.5 If the usage of a property changes during a financial year, the rebate applicable will be reduced pro rata for the balance of the financial year.

7.2.5.6 All accounts of the applicant must be up to date or arrangements must be made to pay any outstanding balances before any rebate will be granted.

7.2.6 Incentive Rebate – Commercial

7.2.6.1 The following rebate incentive is to assist in maintaining, promoting and luring local commercial property investment in Vryburg :

7.2.6.2 Individuals, entities and groups of entities that own more than three properties of which the total municipal value exceeds R 25 000 000-00 (Twenty Five Million Rand) shall qualify for a rebate of 28 % of their commercial property taxes. The rebate shall be deducted from each and every assessment immediately after such assessment has been done in accordance with municipal regulations and applicable tariffs.

7.2.6.3 The rebate will be handled on an application basis with a new application to be lodged every year.

7.2.6.4 If the value of the property is less than R 25 000 000-00 (Twenty Five Million Rand), an applicant can still apply. The application will then be reviewed on the basis of promoting investment and growth in Vryburg.

7.2.7 Definitions for purposes of the proposed rebate:

- a) Individuals - Shall include all natural persons.
- b) Entities - Shall include registered companies; registered corporations and registered trusts.
- c) Groups of entities- Shall include:
- d) A corporate group of entities with a common source of corporate control; and

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- e) A family group of entities comprising of two or more entities of which at least one of the directors, members or trustees of each entity within such group is either the same person or are related to each other within the 2nd degree; AND The shareholders and/or beneficiaries (including by virtue of trust) are of blood relation to each other and at least one of the directors of all the entities

7.3 REDUCTIONS

Owners of property situated within an area affected by a disaster

- a) Property owners within any category of property may apply for a reduction in the property value for rates purposes where the value of the property has been adversely affected by a natural disaster, as defined in terms of the Disaster Management Act, No 57 of 2002, and the property shall be re-valued as at date of such natural disaster, in accordance with the Act.

7.4 PROCESS FOR GRANTING EXEMPTIONS, REBATES AND REDUCTIONS

- a) Applications for exemptions and rebates will only be considered after an application on the prescribed form has been lodged with the Chief Financial Officer. Once an application is approved conditions for re-application are governed by Section 21 (4) of this policy. Applications must reach the Municipality before 30 June of the first financial year for which relief is sought, failing which the exemption or rebate will lapse and will only be re-instated once the application has been approved
- b) All applications must be made under oath. In addition, applications for exemptions by public benefit organisations must be accompanied by a letter from the South African Revenue Service confirming that the organisation qualifies for exemption in terms of the Income Tax Act. All other property owners seeking an exemption must submit either a letter from their auditors, or annual financial statements confirming that the applicant qualifies for an exemption.
- c) The properties mentioned in [19](1)(j) above shall be exempt from property rates only on submission of a written affidavit on the prescribed form certifying that the use of the property is in compliance with Section 17(1)(i) of the Act. Affidavits must reach the Chief Financial Officer before 30 June of the year preceding the start of the financial year for which relief is sought.
- d) Religious organisations must apply on an annual basis for the exemption. (Applicants could however on request be required to provide proof that the properties are still being used for religious purposes). Applications for exemptions for PBO's and not-for-gain organisations as well as rebates for sporting bodies and game parks must be submitted on an annual basis and if the usage of the property changes or the conditions of the policy are amended. Applications for pensioner's rebates must however be submitted on an annual basis.
- e) Properties for which application for exemption from the payment of rates is made must be used exclusively for the purpose that forms the basis for the application for exemption. Where this is not the case, the property will form part of the category multiple use properties and those portions not used for the purpose for which application for exemption has been made will be re-valued and property rates levied in accordance with the category/categories of property applicable.
- f) An application for an exemption or rebate must authorise the Municipality to inspect the property at any reasonable time during the financial year to confirm compliance with the conditions of the exemption or rebate. Where access is denied, the exemption or rebate may be withheld, or withdrawn, if already effective.
- g) Applications for a reduction in rates based on a reduction in value of a property must be made on the prescribed form within 30 days of the occurrence of the event giving rise to the reduction of the value of the property relied upon.

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- h) The onus rests on the applicant to ensure that the application form and all supporting documents are lodged timeously, and that the property concerned qualifies for the exemption, rebate, or reduction.
- i) The effective date of an exemption or rebate shall be the date when the Municipality approves the application for exemption or rebate, irrespective of whether or not the property qualified for exemption or rebate in terms of its use prior to that date.
- j) The Municipality reserves the right to refuse an exemption or rebate if the details supplied in the application are incomplete, incorrect, or false.

7.4.1 In accordance with Section 15(3) of the Act, the Municipal Manager of the Municipality shall annually table in the Council of the Municipality a:

- a) list of all exemptions, rebates and reductions granted by the Municipality during the previous financial year; and
- b) statement reflecting the income of the Municipality foregone during the previous financial year by way of such exemptions, rebates and reductions and the exclusions referred to in Section 17 (1) (a), (e), (g), (h) and (i) of the Act.

7.4.2 The exemptions, rebates and reductions shall be clearly indicated on the property rates account submitted to each property owner.

7.5 CONSTITUTIONALLY IMPERMISSIBLE RATES

All properties that are classified vacant do not qualify to receive the impermissible rates as per approved council budget.

8. CRITERIA FOR RATING MULTIPLE USE PROPERTY

- a) The following criteria will apply to the rating of multiple use properties within the Municipality:
 - i) apportionment of the market value of a property to the different purposes for which the property is used; and
 - ii) application of the relevant rate to each of the components of the property, based on its value.

9. MUNICIPAL OWNED PROPERTY

- a) Naledi Local Municipality-owned land, being utilised by other Directorates for administrative purposes, such as electricity, water, sanitation, refuse and fresh produce market will be rateable.

10. PROCESS FOR RATING AGRICULTURAL PROPERTY

- a) Properties used for agricultural purposes but not categorised as property used for agricultural purposes, shall be revalued, categorised and rated as such only on submission of a written affidavit on the prescribed form certifying that the use of the property is in compliance with this policy and the appropriate legislation.
- b) The Municipality reserves the right to refuse categorising a property as agricultural if the details supplied in the application are incomplete, incorrect or false. The properties of all applicants will be inspected, and revalued as per the Act on a supplementary valuation.
The effective date for rating will be in terms of the Act.

11. AMOUNT DUE FOR RATES

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- a) A rate will be determined for each of the different categories of property within the Municipality in order to establish the revenue to be generated from property rates. This property rates revenue, less any rates rebates applicable to the different categories of property, will be included in the annual operating budget approved by the Council for each financial year. The rates and levels of rebate as approved by Council will be published together with the Municipality's annual budget.
- b) Joint owners of property are jointly and severally liable for the payment of property rates.
- c) The payment of property rates may not be deferred beyond the due date by reason of an objection to the valuation of the property concerned in the valuation roll.

The submission of an application for a rebate or exemption does not defer the liability of payment of rates beyond the due date. Any interest raised for non-payment or short payment prior to date of processing the application will be payable irrespective of whether the property/owner qualifies for the rebate/exemption or not.

12. FREQUENCY OF PAYMENTS

Assessment rates are levied annually as a single amount and raised monthly on the owners account and payable as such, or may be paid annually by arrangement. Agricultural properties are raised annually on the owners account and is payable as such, or may be paid monthly by arrangement. In the case of an application for a certificate in terms of Section 118 of the Local Government: Municipal Systems Act, No. 32 of 2000, the full amount which remains unpaid, inclusive of all instalments, for the remaining financial year shall be payable

13. FREQUENCY OF VALUATIONS

The Municipality shall every four years prepare a new valuation roll by means of a general valuation of all rateable property within the Municipality. Supplementary valuations will be undertaken twice during each financial year. Additional supplementary valuations can be carried out at the discretion of the CFO. In the event that a property has been transferred to a new owner and the rates emanating from a supplementary valuation become due and payable the new owner will be held jointly and separately responsible for the settlement of the interim rates account.

14. CORRECTION OF ERRORS AND OMISSIONS

If the rates levied on a particular property have been incorrectly determined because of an error in valuation or rating category, the rates shall be appropriately adjusted from the beginning of the financial year in which the incorrect valuation or rating category was brought to the attention of the Municipality. Where the rates levied on a particular property have been incorrectly determined because of false information provided by the property owner concerned or used by the owner of a property for a purpose other than a permitted use, the correct amount will be levied by the Municipality for the full financial year concerned. In addition, where the error occurred because of false information provided by the owner or as a result of the contravention of the permitted use of the property concerned, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate determined by the Council for the payment of overdue rates accounts.

15. COLLECTION OF ARREARS ACCOUNTS

All arrears and outstanding balances on accounts will be collected in terms of the Municipalities Debt and Credit Control Policy. The relevant legislation and case law will apply.

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16. DELEGATION OF POWERS AND AUTHORITY

16.1 Delegation

This policy should be applied with due observance of the municipality's policy with regard to delegated powers. Such delegations refer to delegations between the Council and Municipal Manager as well as between the Municipal Manager and other responsible officials. All delegations in terms of this policy document should be recorded in writing.

16.2 Authority

Any deviation from this policy for whatsoever reason must be authorized by the Municipal Manager and in the case of the municipal manager, the Mayor will authorize.

17. IMPLEMENTATION OF THIS POLICY

17.1 This policy will be effective from the date the policy is approved per council resolution.

17.2 The implementation of this policy cannot be backdated and all sections thereof will only be implemented from date of approval.